CIEL Limited
19 December 2016

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]
Bond Issue	1,000.05	**CARE MAU AA; Stable [Double A; Outlook: Stable]**
Long/Short term Bank Facilities	180	**CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook: Stable/A One Plus]**

Rating Rationale

The ratings derive strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business verticals, strong performance with consistent flow of dividends from textile, agro & property and finance verticals, huge land bank which can be monetized to reduce debt at group level and comfortable financial performance with low gearing, satisfactory debt coverage indicators along with comfortable investment to debt ratio. The long term rating is however constrained by major investment in loss making hotel vertical, high debt availed in the hotel vertical to finance acquisition & ongoing renovation of the hotels, market & political risks associated with operations in Africa, regulatory risk in agro sector and currency risk associated with textile vertical.

Ability to turnaround the performance of the hotel vertical, reduction of debt at group level and strong performance and consistent dividend pay-out by textile, agro & property and finance verticals are the key rating sensitivities.

BACKGROUND

CIEL Limited (CIEL), is an investment & holding company of CIEL group, controlled by the siblings of Mr. Adrien Dalais (holding more than 30% stake). CIEL is one of the largest industrial and investment groups based in Mauritius with operations in African and Asian countries. The major companies are CIEL Textile Limited, Alteo Limited, Sun Limited, CIEL Finance Limited, Bank One and CIEL Healthcare. The operations of CIEL group are deeply etched in Mauritian soil, with presence in African and Asian continent.

CIEL is a professionally managed company. It is governed by a 15 member Board of Directors comprising a number of eminent industrialists and professionals. The strategic affairs are looked after by Mr. Arnaud Dalais (60 years), - Chairman of the group and his brother Mr. Jean-Pierre Dalais (52 years), appointed as Group Chief Executive from Jan 2017.

In FY16 (July 2015 – June 2016), CIEL posted a PAT of MUR 314 million on a turnover of MUR 347 million. Interest coverage was 3.84. Overall gearing was 0.08 as on June 30, 2016. At the group level, CIEL posted a PAT of MUR 1.2 billion on a turnover of MUR18 billion in FY16. Interest coverage was 4.93. Overall gearing was 0.82 as on June 30, 2016. Average fund based utilization during last 12 months (Nov 2015-Oct 2016) was low at 12%.

CIEL has posted a Turnover and PAT of MUR 45 million and MUR 16 million in Q1FY17 at the company level and MUR 4885 million and MUR 102 million at the group level, respectively.

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Short term Instruments

Symbols	**Rating Definition**
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Contact us

Chief Executive Officer
Name : Mr. Saurav Chatterjee
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical Contact:
Chief Rating Officer
Name : Mr. Vidhyasagar Lingesan
Phone : +230 5273 1406
E-mail : Vidhya.sagar@careratingsafrica.com

Group Head
Name : Ms. Pooja Appadoo
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

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CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company. CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
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CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.